

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2947-01
BILL NO.: HB 1427
SUBJECT: Education, Elementary and Secondary: Motor Vehicles
TYPE: Original
DATE: February 22, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Highway	(\$24,931)	\$16,347	\$15,574
General Revenue	(\$244,950 to \$29,937,850)	(\$241,558 to \$30,825,245)	(\$247,678 to \$31,748,876)
Total Estimated Net Effect on <u>All</u> State Funds	(\$269,881 to \$29,962,781)	(\$225,211 to \$30,808,898)	(\$232,104 to \$31,733,302)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Federal	(\$114,211)	(\$117,255)	(\$120,220)
Total Estimated Net Effect on <u>All</u> Federal Funds	(\$114,211)	(\$117,255)	(\$120,220)

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	(\$14,257,053)	(\$14,676,699)	(\$15,117,499)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety Division of Highway Safety and Highway Patrol** and **Department of Health** assume the proposal would result in no fiscal impact to the agency.

Officials from the **Office of State Courts Administrator** anticipate one or more cases to test the parameter of the law. There could be a slight increase in the number of criminal cases filed. They would not expect the proposal to have a significant impact on the workload of the courts.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume State cost - There may be an increase in the cost to fully fund the foundation formula due to an increase in attendance of students between the ages of 16 and 18. Based on the 1990 census, there would be approximately 13,000 students affected by increasing the compulsory attendance age to 18. The increased cost to fully fund the foundation formula is estimated as follows:

13,000 students x \$4,000 (approximate average cost per pupil) x 50% (assumed percent of students that will stay in school to get or keep their driver's license) = \$26,000,000

1) There may be an increase in the cost to fully fund the foundation formula due to an increase in attendance of students between the ages of 16 and 18. Based on the 1990 census, there would be approximately 13,000 students affected by increasing the compulsory attendance age to 18. Support services cost about \$1,730 per student. Therefore, the added cost for keeping 13,000 high school students in school with no decrease in spending per student for the 2000-2001 school year would be:

$[13,000 \text{ students} \times (\$4,000 + \$1,730 \text{ approximate average cost per pupil and support services cost})] \times 50\%$ (assumed percent of students that would stay in school to get or keep their driver's license) = \$37,245,000.

DESE officials assume some of these costs would be paid through increased state aid. For example, increased foundation formula funds (if the formula is fully funded) and redistribution of Proposition C, Fair Share and Free Textbook funds would help pay a portion of the increased local cost. On average, state aid (including Proposition C) accounts for 53% of school district revenues available for annual operating costs. DESE assumes that the formula would be fully funded and would provide income to the districts.

Therefore, the FY 2001 estimated net impact on school districts assuming 100% formula funding would be $\$37,245,000 - \$26,000,000 = \$11,245,000$.

ASSUMPTION (continued)

2) There would also be a cost to school districts for the provision of "verification of enrollment status" forms. The legislation requires the Department of Revenue to provide the forms. DESE officials assume that districts could supply these forms with current resources.

Oversight assumes, based on FY 97-98 DESE data used by DOR, that only 8,524 sixteen and seventeen year olds dropped out of school. Furthermore, it was assumed from DOR's information that 90% of the students would stay in or return to school in order to qualify for a driver's license and because of compulsory school attendance. Oversight ranged the following calculations from zero, since 90% of dropouts would be considered the maximum increase in attendance resulting from the proposal.

Increase in Foundation Formula

8,524 dropouts x \$4,000 (average state cost per pupil) x 90% (attendance) = \$29,606,400

Total Costs to School Districts

8,524 dropouts x (\$4,000 + \$1,730) x 90% (attendance) = \$43,958,268

Officials from the **Department of Revenue** estimated the fiscal impact as follows:

1. Schools would furnish documentation of enrollment status on a form which has been provided by the Department of Revenue. This assumption is necessary to ensure all data relative for license withdrawal/reinstatement is received.
2. An SR-22 insurance certificate would not be required as a prerequisite for reinstatement.
3. Department of Education advised DOR that in FY 97/98 there were 8,524 sixteen and seventeen year olds who withdrew from school. Statistics are not available on how many of the students who withdraw from school are licensed drivers; however, the DOR assumes 90%.
4. The reinstatement requirements would apply upon resuming regular attendance and presenting documentation of that fact to DOR and a \$20 reinstatement fee, or when the individual reaches the age of 18, only a \$20 reinstatement fee would be required.

The Drivers License Bureau would require one (1) Clerk Typist II (\$19,452) with associated equipment and expenses to process correspondence, suspensions, reinstatements, reinstatement fee accounting, telephone inquiries and walk-in customer assistance required as a result of the provisions contained in Section 302.176. In addition, the provisions of this proposal would require forms and postage costs in the amount of \$6,501 in FY 01, \$7,165 in FY 02 and \$7,277 in FY 03.

ASSUMPTION (continued)

The provisions of this proposal would require the custodial parent or legal guardian to approve the application for a driver's license or permit. This would require a programming change to the over-the-counter system. The verification sheet and issuance screen must be modified to include the parental/guardian approval and must also contain an age edit. DOR officials estimate that it would take 170 programming hours to complete this change.

170 programming hours x \$125 per hour (current contract programming price) = **\$21,250**

DOR officials assume there would be 3,326 individuals who would remit the \$20 reinstatement fee.

FY 01

3,326 x \$20 = \$66,520
\$66,520 : 12 = \$5,543 x 10 months = \$55,433
\$55,433 x 75% = \$41,575 Highway Fund
\$55,433 x 15% = \$ 8,315 Municipalities
\$55,433 x 10% = \$ 5,543 CART

FY 02 and 03

\$66,520 x 75% = \$49,890 Highway Fund
\$66,520 x 15% = \$ 9,978 Municipalities
\$66,520 x 10% = \$ 6,652 CART

The **Oversight Division** has included only six months of DOR costs and reinstatement fee income in FY 2001, since the driver's license portion of the proposal would become effective January 1, 2001.

Officials from the **Department of Social Services - Division of Youth Services (DYS)** assume that in FY 1998 30 youth under the age of 16 were committed to DYS for truancy (down from 51 in FY 97). The annual high school dropout rate for the 1997-98 school year was 5.3%, or approximately 13,363 dropouts, according to Kids Count Missouri. With the additional period of 2 years, 16-18 years, the division estimates that between 15-50 youth ages 16 to 17 years could be committed annually to DYS. According to the 1997 Missouri Juvenile Court Statistics report there were 4,419 referrals for truancy made to the juvenile courts involving youth under the age of 16 years. The division believes that the court would act on referrals between the ages of 16-17 years. DYS further assumes little action would be taken by the courts on the truancy referrals where the youth is 17 years or older. The division's assumption is based on the state statute 211.021, RSMo, that a youth becomes an adult at age 17 years.

ASSUMPTION (continued)

Oversight assumes that DYS would not incur any new costs related to providing day treatment for 15-50 youths. It was assumed that the youths would not be placed at one facility, but could be placed at any one of the 33 facilities that currently provide educational programs for DYS.

Furthermore, it was assumed that DYS would obtain state aid through the state foundation formula based on the number of students and their attendance records. Assuming full funding of the state foundation formula, an average instructional cost of \$4,000 per student, and that DESE's estimate to fully fund the foundation formula included costs for DYS, no additional costs were included for DYS. **Oversight** has shown the DYS portion of DESE's costs separately based on 50 students receiving \$5,730 per student for a total of \$286,500. The cost is ranged from zero, since \$286,500 would be the maximum.

The **Department of Social Services (DOS), Division of Family Services (DFS)** assumes that it would be fiscally impacted by this proposal. DFS assumes that requiring children to attend school until age 18 would result in children ages 16 and 17 being reported to the Child Abuse/Neglect (CA/N) Hotline for educational neglect since a parent's failure to send a child to school is a reportable condition.

To project the fiscal impact, the following staffing formulas and caseload standards for field staff were used:

1 Clerk-typist : 3 professional staff
1 Supervisor III: 3 Supervisor Is
1 Supervisor I : 7 Children's Services Workers
CA/N Investigations: 17 per month per Children's Services Worker
12 Family-centered Services cases per Children's Services Worker

To estimate the number of additional educational neglect reports that would result from the proposal, DFS used data from 1998. There were 3,073 children reported for educational neglect of which 985 were children from 14 or 15 years of age. They assumed they would have the same number of hotlines on 16 and 17 year old children. Of those 985 hotlines, 346 had dispositions which would indicate a need for Family-Centered Services.

DFS assumes they would need the following staff to implement the proposed legislation:

985 CA/N hotlines = 4.8 Children's Services Workers (985 hotlines/17 hotlines per month/12 months per year)

ASSUMPTION (continued)

346 FCS cases = 18.3 Children's Services Workers (assuming 41.2% of cases would be open 4

months, 27.6% open 8 months, and 31.2% would be open for 12 months - using FY 98 data as the baseline = 2629 case months, 2629 case months/12 cases per month/12 months per year).

23.1 (4.8 + 18.3) Children Services Workers (to investigate and assess CA/N reports and work with families to improve their parenting skills to an acceptable level of child care)

3.3 Supervisors I (to supervise Children's Services Workers)

1.1 Supervisor III (to supervise Children's Services Workers)

9.2 Clerk-typists II (support for professional staff)

Consistent with similar legislation from the prior year and an insignificant change in workload, **Oversight** assumes that a total of 5 Children's Services Workers, 2.29 Clerk Typists and 1.1 Supervisor would be needed as a result of this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
HIGHWAY FUND			
<u>Income-Highway Fund</u>			
Reinstatement Fee	\$24,945	\$49,890	\$49,890
<u>Cost-Department of Revenue</u>			
Personal Service (1 FTE)	(\$9,726)	(\$19,938)	(\$20,437)
Fringe Benefits	(\$2,991)	(\$6,131)	(\$6,284)
Expense and Equipment	<u>(\$37,159)</u>	<u>(\$7,474)</u>	<u>(\$7,595)</u>
Total <u>Costs</u> -DOR	(\$49,876)	(\$33,543)	(\$34,316)
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>(\$24,931)</u>	<u>\$16,347</u>	<u>\$15,574</u>
GENERAL REVENUE FUND			
<u>Cost-Department of Elementary and Secondary Education (DESE)</u>			
Fully Funded Foundation Formula Related to Increased Attendance (less DYS portion at \$4,000 per student)	(\$0 to \$29,406,400)	(\$0 to \$30,288,592)	(\$0 to \$31,197,250)
<u>Cost-Department of Social Services Division of Youth Services</u>			
Instructional Costs-Foundation Formula plus support costs (\$5,730 per student)	(\$0 to \$286,500)	(\$0 to \$295,095)	(\$0 to \$303,948)

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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Cost-Department of Social Services
Division of Family Services

Personal Service (5.62 FTE)	(\$139,860)	(\$172,054)	(\$176,355)
Fringe Benefits	(\$43,007)	(\$52,907)	(\$54,229)
Expense and Equipment	(\$62,083)	(\$16,597)	(\$17,094)
Total <u>Cost-DFS</u>	(\$244,950)	(\$241,558)	(\$247,678)

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(\$244,950 to <u>\$29,937,850</u>)	(\$241,558 to <u>\$30,825,245</u>)	(\$247,678 to <u>\$31,748,876</u>)
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FEDERAL FUNDS

Cost-Department of Social Services
Division of Family Services

Personal Services (2.77 FTE)	(\$68,886)	(\$84,743)	(\$86,862)
Fringe Benefits	(\$21,182)	(\$26,058)	(\$26,710)
Expense and Equipment	(\$24,143)	(\$6,454)	(\$6,648)
Total <u>Cost-DFS</u>	<u>(\$114,211)</u>	<u>(\$117,255)</u>	<u>(\$120,220)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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LOCAL

Income-Cities

Reinstatement Fee	\$4,989	\$9,978	\$9,978
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Income-County Aid Road Trust Fund

Reinstatement Fee	\$3,326	\$6,652	\$6,652
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Income-School Districts

Funds from Foundation Formula for Increased Attendance	\$29,406,400	\$30,288,592	\$31,197,250
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Cost-School Districts

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
Increased Attendance	(\$43,671,768)	(\$44,981,921)	(\$46,331,379)
ESTIMATED NET EFFECT ON LOCAL GOVERNMENT	<u>(\$14,257,053)</u>	<u>(\$14,676,699)</u>	<u>(\$15,117,499)</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

The proposal would raise the age of compulsory school attendance from sixteen years old to eighteen years old. Beginning January 1, 2000, schools would be required to report to the state literacy hot line the name, mailing address and telephone number of students eighteen years of age or older who drop out of school (currently reporting students sixteen years of age or older).

The proposal would allow persons with temporary instruction permits for driving to be accompanied by an instructor who is at least twenty-one years old, in addition to parents.

The legislation would add to the driver's license requirements that an applicant less than eighteen years of age and not an emancipated minor would be required to obtain the approval of a custodial parent or legal guardian to receive a driver's license.

The proposal would require driver's license applicants less than eighteen years old to present to the Director of Revenue a certificate of graduation from high school, or documentation that the applicant is currently enrolled in high school. The superintendent of schools would provide verification of enrollment status on a form provided by the Department of Revenue to any student sixteen years of age or older. When a student sixteen years of age or older withdraws from school, the school would be required to notify the Department of Revenue within thirty days of the withdrawal. The Department of Revenue could charge a reinstatement fee. Submission of false information would be a class C misdemeanor.

The driver's license requirements would become effective January 1, 2001.

DESCRIPTION (Continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Social Services
Department of Public Safety
Office of State Courts Administrator
Department of Health
Department of Revenue

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "Jarrett".

Jeanne Jarrett, CPA
Director
February 22, 2000